

**MINUTES**  
**MICHIGAN STATE TRANSPORTATION COMMISSION MEETING**  
**January 31, 2008**  
**Lansing, Michigan**

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present:                Ted B. Wahby, Chair  
                             Linda Miller Atkinson, Vice Chair  
                             Maureen Miller Brosnan, Commissioner  
                             Jerrold M. Jung, Commissioner  
                             James R. Rosendall, Commissioner  
                             James S. Scalici, Commissioner

Also Present:        Kirk T. Steudle, Director  
                             Jackie Shinn, Chief Deputy Director  
                             Larry Tibbits, Chief Operations Officer  
                             Leon Hank, Chief Administrative Officer  
                             Frank E. Kelley, Commission Advisor  
                             Marneta Young, Commission Executive Assistant  
                             Jerry Jones, Commission Auditor, Office of Commission Audit  
                             Patrick Isom, Attorney General's Office, Transportation Division  
                             John Friend, Bureau Director, Highway Delivery  
                             John Polasek, Bureau Director, Highway Development  
                             Myron Frierson, Bureau Director, Finance and Administration  
                             Susan Mortel, Bureau Director, Transportation Planning  
                             Rob Abent, Bureau Director, Aeronautics and Freight Services  
                             Tim Hoeffner, Administrator, Intermodal Policy  
                             Sharon Edgar, Administrator, Bureau of Passenger Transportation  
                             Melvin Williams, Administrator, Freight Services and Safety Division

A list of those people who attended the meeting is attached to the official minutes.

Chair Wahby called the meeting to order at 9:00 a.m. in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

**I.        COMMISSION BUSINESS**

Commission Minutes

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of November 29, 2007.

Moved by Commissioner Scalici, with support from Commissioner Atkinson, to approve the minutes of the Commission meeting of November 29, 2007. Motion carried.

II. **DIRECTOR'S REPORT – DIRECTOR KIRK T. STEUDLE**

Director Steudle's report focused on and was shared with Susan Mortel (Transportation Planning), Larry Tibbits (Chief Operations Officer) and Jackie Shinn (Chief Deputy Director):

**State Economic Stimulus Package**

Governor Granholm announced in the State of the State Address a \$1 billion economic stimulus package, of this is about \$150 million worth of road and bridge preservation projects that MDOT will be involved in. We will advance approximately 25 projects from 2009 into 2008 and create about 2,100 jobs. We will use our historic distribution of funding sources that will be distributed across the state—not targeted to a specific area.

Up to \$150 million worth of State Trunkline bonds will be used to pay for this (we will only sell what we need). The other funding source is taking advantage of the historically low interest rates. If we do the full \$150 million in bonds (15 year bonds), that will increase our debt service by \$14.2 million annually. This would get us to just under our State Transportation Commission cap of 25% of revenues going to debt service; right now we are hovering at about 21%.

Another source is the Innovative Contracting Method through the Design/Build/Finance Pilot Projects. This has been used successfully by other states—Florida and Missouri. We are looking at an accelerated project delivery—projects sitting out in 2010, 2011, 2012 and possibly 2013 that are already funded within our program. We would advance those forward then have a contractor team up with an engineer to design it, build it and then finance it over a specific timeframe—3 years, 5 years, etc. It puts projects on the ground today, helps benefit the motoring public and is money that we set aside to spend in the next Five Year Plan anyway. We are also taking advantage of the low interest rates and the private sectors ability to fund those types of projects.

Director Steudle asked for questions.

Commissioner Brosnan asked, regarding the Design/Build/Finance Pilot Projects, if this is something that he intends to present during one of the Commission workshops.

Director Steudle answered yes and that whatever depth of information the Commission would like can be provided. We have done some design/build projects in Michigan in the last decade, but the attractiveness of this is the finance portion of it.

Commissioner Rosendall asked if he could get something every month that shows the status of what the department is looking at—this does not have to be part of the Director's Report.

Director Steudle responded yes.

**Performance Measures – Goal Re-Definition and Measurement for Roadways (GRAMR) – Susan Mortel**

This is a precursor to the workshop that the Commission will have in March.

MI Transportation Plan is a policy document, so the State Transportation Commission's approval of the plan set future transportation policy for the state. MDOT making changes where necessary to implement plan—performance measures needed to be broadened. An internal team was formed to develop some interim performance measures that would be relevant and directly tied to MI Transportation Plan that would be meaningful (things that are indicative of progress), recognizable (to the public as being valuable measures), and that are available to us using data that we already have. Next month an initial set of measures that are tied back to MI Transportation Plan will be brought before the Commission to work on expanding them.

Example: We now have 4 major goals in this Plan: Stewardship of the System, Safety and Security, System Improvement, and Efficient and Effective Operations. We will be tying specific performance matrix back to each goal. Example of the Stewardship goal for freight rail: Maintain MDOT track condition on 3 state-owned lines for speeds of at least 25 mph.

Our next steps are to hold a workshop with the Commission in March to prioritize objectives, formalize measures, follow up with measurement of these objectives, and continue to identify additional objectives.

**Construction Quality Partnership (CQP) Charter Update – Larry Tibbits**

In late 2004, the Michigan Concrete Paving Association and the Associated Underground Contractors came to MDOT with a plan to enhance construction quality through joint training and partnering efforts. The long range vision was a certification program, similar to an ISO 9000 that centered on a company or agency training plan. Ultimately, the certification could be a condition of pre-qualification. The proposal was called the Construction Quality Initiative (CQI), later changed to Construction Quality Partnership (CQP) to be in alignment with the National Partnership for Highway Quality (NPHQ).

We had actively and successfully participated in formal project level partnering with our contractors in the early 1990's. The focus of these sessions was on the communication, levels of authority, and roles and responsibilities of the project level personnel, both contractor and agency.

The CQP initiative was a step beyond, elevating the principle of partnering to a company wide level (instead of project level) and changing the focus to training. The belief was that a well trained work force, with owners and agencies participating in side by side training, would result in improved quality through consistency and shared understanding of project level requirements.

It was April 27, 2006 when MDOT and various industry groups came before the Commission and after about a year's work, signed a charter agreeing to continue to embark upon quality in our work.

In order to determine the effectiveness of training to both the contractor and the agency personnel, we conducted a pilot training program in 2007 that included mandatory training on 6 construction projects (included concrete paving, HMA paving and capital preventative maintenance projects) located throughout the state. The training focused on 4 specific areas for each project—traffic control, erosion control, quality control, technical training—and was presented in a classroom setting before construction started, then again in the field for “hands on” training when the work in each focus area began. Five of the 6 projects have been completed and post construction meetings have been conducted to discuss the effectiveness of the training. The training showed measurable improvements in quality of workmanship in the four focus areas. Side benefits were improved communication and a shared understanding of project requirements.

We earned our Tier One Accreditation through the National Partnership for Highway Quality on October 10, 2007 (we are the third state to earn this accreditation, joining Maryland and Georgia—Louisiana and Texas have recently applied for accreditation). We conducted our first annual meeting and made our first annual Partnership awards—Michigan Quality Achievement Award (I-75/M-81 Interchange Construction and Roundabouts—also submitted to the NPHQ for national recognition and was selected as a Gold Level Award winner), Major Structure Project, and Major Highway Construction Project.

We are in the process of bringing on a third party administrator to oversee the administration of the training program for both industry members and agency personnel. Proposals have been submitted and are currently being reviewed. The goal now is statewide implementation of training programs that lead to certification of contractors and agencies. Certification will be earned by having training programs in place with well defined training requirements and well trained personnel on staff.

#### **Transportation Funding Task Force – Director Steudle**

Public Act 221 of 2007 creates the Transportation Funding Task Force to “review the adequacy of surface transportation and aeronautics service provision and finance” in Michigan. It applies to roads, transit, and aviation, is supported by MDOT staff (Tim Hoeffner is coordinating the MDOT staff support efforts) and is assisted by the Citizens’ Advisory Committee.

The Task Force itself is to be established by February 1, 2008, consisting of: 9 citizens, representing 8 economic sectors (Manufacturing, Labor, Commerce, Transportation, Agriculture, Public Transit, Tourism, and Aviation) appointed by Governor, with advice and consent of the Senate; majority and minority leader of the Senate (or designees); speaker and minority leader of the House (or designees); 1 additional person which is a citizen at-large coming from a variety of sectors. The legislation specifically says that the Task Force may not include employees of MDOT, a county, county road commission, village, city, or township—anybody receiving ACT 51 money directly. This Task Force is to develop the recommendations and present them to the Commission, legislature and the Governor when they are completed.

Public Act 221 also creates a Governor-appointed 19-person Citizen's Advisory Committee consisting of 18 organizations, agencies, and associations in transportation and construction sector: Michigan Farm Bureau, Michigan Trucking Association, Michigan Association of Counties, Michigan Townships Association, Michigan State Chamber of Commerce, Michigan Tourist Association, County Road Association of Michigan, Michigan Municipal League, Michigan Public Transit Association, Asphalt Paving Association of Michigan, Michigan Concrete Paving Association, Michigan Infrastructure and Transportation Association, Michigan Railroads Association, American Council of Engineering Companies, Michigan Building and Construction Trades Council, Michigan Association of Airport Executives, Michigan Business Aviation Association, State Transportation Department, and 1 person from the general public. The Citizens' Advisory Committee may create subcommittees as needed and will submit comments on materials and findings to the Task Force.

The Task Force primary focus is to examine alternatives to fuel tax (analyze feasibility and suggest or recommend alternative user fees or nonuser taxes), may recommend "implementation of pilot programs to test feasible alternatives" to fuel tax (preliminary recommendations due October 31, 2008, with the final report due the middle of 2009).

Calendar of events: February 1, 2008 (Governor names private-citizen members of Task Force; Legislative leaders name legislator members); March 1, 2008 (MDOT recommends work program to Task Force); October 31, 2008 (Task Force publishes preliminary data, findings, and recommendations; Task Force makes preliminary recommendations on pilot programs).

#### **SAFETEA-LU – National Surface Transportation Policy and Revenue Study Commission**

The National Surface Transportation Policy and Revenue Study Commission was one of two study commissions created in SAFETEA-LU. The other commission is focused more sharply on financing and is still meeting. This Commission's was charged with forecasting surface transportation system necessary to support our economy 50 years from now and recommend a plan for getting there. They met 22 times over 22 months and heard from nearly 300 witnesses. The Commission's final report was supported by 9 of the 12 appointed commissioners. All three of those who did not support the report's findings are current or former Bush Administration appointees who are hardened against any increase in transportation user fees except tolls.

The findings showed that congestion takes a heavy economic toll on the country. The population is expected to increase by 120 million people over the next 50 years, freight volumes will be 70% higher in 2020, and we need to invest \$225 to \$338 billion each year for the next 50 years. We currently spend less than 40% of this amount, or \$86 billion nationally (\$68 billion on highways, \$13 billion on transit, \$4 billion on freight rail, and \$1 billion on passenger rail).

The major themes that came through are that the Federal Government needs to be a full partner with the states (focus on core activities of what we are doing, shorten the project delivery process (big capacity projects that take 10-20 years to get through the

environmental process before they finally get built); far greater investment is needed at all levels of government and from the private sector; Federal programs need a complete overhaul (focus on congestion and freight issues).

Specifically there are currently 108 separate programs within the Federal program. They have suggested that we reduce the 108 to only 10: National Asset Management Program, Freight Transportation Program, Congestion Relief Program, Safety Program, Access Program for Smaller Cities and Rural Areas, Intercity Passenger Rail Program, Environmental Stewardship Program, Energy Security Program, Federal Lands Program, and a Research, Development and Technology Program. They also recommended creating a National Surface Transportation Commission (much like the Postal Commission) to oversee development of a national strategic plan for transportation investment and to recommend appropriate revenue adjustments to Congress to implement that plan. They also looked at significant reforms in the project delivery process—reducing that timeframe.

The financing recommendations are: short-term—keep the HTF solvent through SAFETEA-LU (in 2009 the national HTF goes broke); mid-term—a 25 to 40 cent increase in fuel taxes/indexing, a transit and intercity passenger rail ticket tax, freight fees, diversion of customs fees, and tolling, congestion pricing, public/private partnerships (PPPs); long-term—a transition to VMT tax or other similar tax.

Director Steudle asked for questions; none were forthcoming.

Director Steudle showed a 5-minute video pertaining to the Gateway Project in the Metro Region (the connections from the existing Ambassador Bridge, and plaza modifications that allows us to have direct access to the freeways. Right now we have trucks that leave the plaza, drive through local neighborhoods, and eventually end up back on the local freeway. This is phase number 5 or 6 of a project that has been going on for at least 10 years.

### **Road Construction Workforce Development Program (RCWD) – Jackie Shinn**

#### *Vision*

The Governor's vision for the Road Construction Workforce Development Program is to have "A sustained road construction workforce of diverse, trained and certified individuals."

#### *Mission*

The mission of the program is "to equip a diverse pool of Michigan residents with skills for sustainable employment in the road construction industry". The Statewide Partnership Committee is key to achieving this mission.

In SAFETEA-LU there was a provision put in that allowed states to use their federal dollars for workforce development. There has been research over the last few years that, not unlike many of the other professions and our general population, we do have an aging workforce in transportation. Because of that the language urged states to begin to focus on the ability to have a trained workforce in place to move forward in the future. They also wanted us to be sensitive that the investments we make in our communities reflect

opportunities for citizens in those communities. A base effort was made to look at our investments in the state of Michigan, where our projects were, where we were going to have major projects, and the kind of workforce and the typical skills that would be needed in order to achieve that.

MDOT was first approached by a faith-based group of individuals from all over the state who were very interested in seeing this promoted. The Statewide Partnership Committee (SPC) has been meeting since 2005 and was comprised of representation from MI\*Voice, Michigan Infrastructure and Transportation Association (MITA), Michigan Works! Association, unions, community colleges and local workforce agencies.

#### *Statewide Partnership Committee Mission*

To identify, leverage and maximize state, federal and local resources to create a sustainable process for supplying a qualified, diverse pool of highway construction workers.

The SPC was charged with developing strategies and recommendations to address the following goals:

#### *Goals*

Identify key issues impacting the development and growth of Michigan's road construction industry workforce; develop policies and strategies to address local participation in job training and employment opportunities for minority, female and economically disadvantaged individuals in the building of federally-funded transportation projects; develop pre-apprenticeship and apprenticeship training programs for women, minorities, and economically disadvantaged persons in road construction trades; and develop regional blueprint for collaboration and cooperation by local workforce development agencies, community-based organizations, contractors, unions, high schools, community colleges and other stakeholders.

#### *Strategies*

Increase OJT opportunities on road construction projects; identify for local participation; develop mechanism to meet workforce and training needs through private-public partnerships; establish statewide resource directory; develop marketing campaign to promote the RCWD initiative; promote road construction as career choice; identify educational attainment needs and solutions; strengthen collaboration between workforce development and educational system; and establish apprenticeship readiness program.

In the meantime, in August 2007, MDOT budgeted \$3 million for the RCWD for FY 2008 and \$4 million annually for FY 2009 to FY 2011. In January of this year, we secured FHWA approval of funding for the FY 2008 RCWD program. This month we also secured FHWA approval of the pilot Road Construction Apprenticeship Readiness Program (RCAR) where we expect to spend about \$1.2 million this year.

#### *Road Construction Apprenticeship Readiness Program*

Apprenticeship readiness programs play an important intervening role by helping people meet the requirements to enter and complete an apprenticeship program. Those who complete such programs have a solid foundation of knowledge and an awareness of what

is expected of them to take full advantage of union apprenticeships. MDOT has partnered with DLEG to fast track the implementation of objectives related to this strategy. In partnership with unions, community colleges, USDOL and others, we developed an apprenticeship-readiness training curriculum and have secured FHWA approval to implement the pilot.

The pilot program includes funding for: testing (WorkKeys will be used to assess participants for the RCAR Program at entry and exit from the training portion); training (based on curriculum developed in cooperation with unions, USDOL, community colleges, MITA and MDOT); stipends (the program includes a stipend of \$10 for each hour of RCAR training up to 150 hours per participant or \$1,500); follow-up and retention services (including additional career planning and counseling, contact with the participant's employer, including assistance with work-related problems that may arise, peer support groups, information about additional educational opportunities and referral to supportive services available in the community will be provided based on individual need); supportive services (which may include transportation (car repair, mileage, bus passes), medical and lab tests including physical examinations and drug testing, clothing and equipment and child care may be provided before, during and following training).

We are confident that completion of the RCAR Program will lead to certification for entry into registered apprenticeship programs related to the road construction industry. Participants will be tracked continuously through steps in the screening, assessment, referral and hiring processes, and will receive the following certifications upon satisfactory completion of the training: RCAR Program Completion Certificate, Golf WorkKeys National Career Readiness Certificate, Career Safe (MIOSHA) Certificate, and First Aid/CPR Certificate.

The Governor asked that the SPC not create a new bureaucracy. MDOT is not in the workforce development business but the DOL is. Some of the challenges have been that the DOL has its set of rules, how it functions and how it requires their partners to report expenditures, etc., and the FHWA has its guidelines and processes to be followed for expending federal funds. Merging the two has been a challenge. We believe we have now processed to the point where we have approval of the budget, approval of the program, however we have an issue now that we are working on with FHWA regarding how Michigan Works! reports its expenditures—FHWA would like to see us do it one way and DOL does it a different way. We hope that by March 1<sup>st</sup> we will be ready to enter into the agreements with the Michigan Works! agencies.

Earlier this month, MDOT entered into an agreement with DLEG to administer the RCAR program. The agreement provides over \$1 million in federal highway funds for implementation of the 16-month pilot program. The RCAR program will be piloted in the following three MDOT regions: Metro (Detroit), Bay (Saginaw), and Southwest Michigan. DLEG will serve as a "pass through" agency by awarding funds to three designated Michigan Works! agencies.

Ms. Shinn asked for questions.

Commissioner Brosnan asked, for clarification, if the budget had been approved for this



project and if it was \$3 million.

Ms. Shinn answered that the budget has been approved; \$3 million was the total of the program for 2008, and the approval of the portion of it which is the \$1.2 million for the pilot RCAR program.

Commissioner Brosnan asked if the total was \$4.2 million for them to work with in 2008.

Ms. Shinn answered yes, and we have approvals through 2011 for the \$4 per year.

Commissioner Brosnan asked, for clarity, what the biggest challenge is right now.

Ms. Shinn responded the biggest challenge is to get final approval on all the processes. We are at a point where the curriculum is ready for the Michigan Works! agencies to begin to take in applicants, do the assessments and get them into the five week training program. Our finance department, audit division and DLEG are working with FHWA to merge our reporting systems. They have a concern right now with how Michigan Works! agencies reporting of reimbursements melds with what FHWA would like us to do. We are hoping this will occur within the next week.

Commissioner Jung asked if there were specific goals as far as employment numbers.

Ms. Shinn answered that through the pilot they would like 80 graduates.

No other questions were forthcoming.

#### Final 2008-2012 Five Year Transportation Program – Denise Jackson, Administrator Statewide Planning

The draft 2008-2012 Five-Year Transportation Program was presented in November 2007. Since that time, fifteen public input meetings were conducted throughout the state and comments on the draft document have been collected. Originally we were scheduled for approval of the document. Over the next 30 days we will incorporate the new \$150 million Economic Stimulus Package that was announced by the Governor. We will be making program adjustments as needed and request approval of the Program at the February Commission meeting (to meet the Section 307 requirement to present the Program to the legislature by March 1<sup>st</sup>).

The Program continues to be in its multi-modal format. It includes five years of investment for the highway, aviation, transit, rail, and marine/port programs. A project list for the Highway Program is included as well as revenue projections and investment strategies.

#### Revenue and Investment

The total revenue available for the Program is estimated at \$8.47 billion dollars (\$6.23 billion for Highway Revenues and \$2.24 billion for bus, marine, rail and aviation revenue). Highway revenue estimates have been adjusted since you were presented the draft 5YP back in November. State highway revenues were decreased approximately \$176 million from \$2.2 billion to \$2.0 billion over the 5 year period in line with

Department of Treasury estimates. The Federal funding estimate was increased approximately \$200 million from \$4.0 billion to \$4.2 billion over the 5 year period. (On the federal side, we are accounting for approximately \$200 million in border and corridor and other earmark funding that has been provided, but not included in the draft 5YP). Those changes closely offset each other so there was no need to make changes in our overall program strategy.

The Transportation Program investment totals \$8.43 billion dollars. Approximately one quarter of these investments are dedicated to funding multi-modal transportation. Two and a quarter billion is dedicated towards the aviation, public transit, marine, and rail programs, and nearly \$6.2 billion will be invested in the highway capital and maintenance program. It will also continue to have positive influences on Michigan's economy.

The \$6.186 billion (\$1.239 billion annually) will be invested in the highway system as follows: \$3.156 billion to repair and rebuild roads and bridges, \$329 million for capacity improvements and new roads, \$344 million for safety (an increase over previous 5YP), \$195 million for CMAQ, \$69 million for ITS, \$583 million for Other programs such as Railroad Crossing, Noise Abatement, Enhancement, and other state and federal programs, and \$1.511 billion for routine maintenance (assumes a 3% annual increase). Summarily, preservation represents 71% of the Highway Program investments, capacity improvements/new road represents 5% of Highway Program investments, and routine maintenance represents 24% of Highway Program investments.

We have a program in 2008 that is significantly higher than in the out years. This is something that has been mentioned in previous years—that after 2008 we would anticipate our program going down significantly. Without the \$150 million, at this point, our annual investment ranges from a high of \$1.327 billion dollars (in 2008) to a low of \$1.149 billion in 2011.

MDOT's Aviation program totals \$812 million over the five years. MDOT's Bus, Marine and Rail programs includes local transit, intercity bus, passenger rail, marine and port, and rail freight. These five programs are supported by annual appropriations from the Comprehensive Transportation Fund (CTF), the transit portions of *SAFETEA LU* and various other revenues. Because of the significant annual variations in CTF appropriations, a total, combined five year program amount is provided for all five programs, rather than a program amount for each. We will continue to break out these five programs in our annual program announcement, but roll them up in our five year program.

#### Economic Benefits

MDOT's Highway Program continues to provide economic benefit to the state. The Economic Benefits Study conducted by the University of Michigan identifies that 1 job is supported for every \$70,500 of investment. Therefore, approximately 17,600 jobs are supported annually during this Five-Year Program. Of course with the additional \$150 million there will be even more jobs.

### Public Input Meetings

Fifteen Public Input Meetings were held across the state in the day and evening over a period of two weeks (Dec 6-19, 2007), with roughly 102 people attending (58%-representatives from local government, 29%-represented businesses/community organizations, 6%-members of the general public, 7%-members of state government (non MDOT staff), predominately state legislature members and staff)—this is a decrease from 230 in 2007. We feel the number may be down because we are doing a good job throughout the program development process to get input from stakeholders and the public. Some examples of where input is provided include Region Transportation Summits, legislative briefings, MPO and Rural Task Force updates, meetings with local agencies and the public as part of the Call for Projects process. This year we have improved our method for getting feedback by posting a comment form on the web.

The public comments submitted appeared to match public comments that were received during the development of the State Long Range Plan. **Intermodalism** is becoming an increasingly important goal as the need for diversified modes of transportation is being experienced. Nearly 50% of the comments received were in regard to the demand for increased modal choices, specifically the development of mass transit and light rail options. **Basic Mobility** in the form of improved access to the transportation system was a common theme in many regions. This was evident in comments calling for increased use and scope of public transit. Also, requests for improvements at interchanges and increases in capacity were submitted. **Preservation** issues received fewer comments on this subject than in previous programs. **Safety** for motorists and pedestrians was mentioned in a few comments as well.

### Next Steps

Our next steps will be to incorporate the new \$150 million State Economic Stimulus Package, request approval of 2008-2012 Five-Year Transportation Program in February, send the document to the Legislature by March 1<sup>st</sup>, and post the final document to web.

Ms. Jackson asked for questions.

Commissioner Brosnan asked if the \$150 million would mostly impact the highway portion of the Five-Year Program.

Director Steudle answered yes, exclusively on the highway side because it is projects that are ready to go—ones that are already designed. There is not an opportunity to reach in elsewhere, plus the bonds will be paid back for with the highway type projects.

No other questions were forthcoming.

Director Steudle requested that the approval of the 2008-2012 Five Year Transportation Program to meet the Section 307 requirement to present the Program to the legislature by March 1<sup>st</sup> be postponed until the February 28<sup>th</sup> meeting.

III. **RESOLUTIONS**

**Resolution of the State Transportation Commission to Provide Notice of Intent to Revise Project List - State Trunk Line Fund (STF) Bond Series 2004 – Myron Frierson**

This resolution authorizes the notice of intent to revise project lists for the State Trunk Line Fund (STF) Bond Series 2004 previously adopted by the Commission and last revised on September 27, 2007. Project bond amounts have been updated to reflect current estimates. This resolution adjusts the project lists to reflect changes in project budgets. Net changes in the project list for the STF Series 2004 Bonds are \$4,994,721.

Upon approval by the Commission, these resolutions will be transmitted to the Legislature for the required 30-day notification period. We will provide the Commission with the final resolutions amending the project lists at the meeting scheduled for March 27, 2008.

Mr. Frierson asked for questions and a roll call vote approving this resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission to Provide Notice of Intent to Revise Project List - State Trunk Line Fund (STF) Bond Series 2004. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

**Resolution of the State Transportation Commission to Provide Notice of Intent to Revise Project List - Jobs Today Program – Myron Frierson**

This resolution authorizes the notice of intent to revise project lists for the Jobs Today Program previously adopted by the Commission and last revised on September 27, 2007. Project bond amounts have been updated to reflect current estimates. This resolution adjusts the project lists to reflect changes in project budgets. Net changes in the project list for the Jobs Today Bonds are \$25,227,959.

Upon approval by the Commission, these resolutions will be transmitted to the Legislature for the required 30-day notification period. We will provide the Commission with the final resolutions amending the project lists at the meeting scheduled for March 27, 2008.

Mr. Frierson asked for questions and a roll call vote approving this resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission to Provide Notice of Intent to Revise Project List - Jobs Today Program. Motion was made by Commissioner Brosnan and supported by Commissioner Rosendall to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Refunding Bonds - 2008 Trunk Line Refunding and Rate Lock – Myron Frierson

Mr. Frierson gave the Commissioners Appendix C (Bond Terms) to add to this resolution which was inadvertently left out of their packets.

This resolution authorizes approval to pursue bond refunding opportunities if market conditions are appropriate for any outstanding bonds, and an opportunity to enter into a rate lock. A rate lock is a financial transaction where that if you are not ready to actually take the bond proceeds, you can lock-in the interest rate—similar to what you would do on your home when you are not ready to close. The terms would be to either sell them by December 31, 2008, or enter into a rate lock agreement by December 31, 2008. If we enter into a rate lock agreement, we have up until December 31, 2010, to actually sell the bonds. Upon approval by the Commission, this resolution will be transmitted to the Legislature for the required 30-day notification period.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Refunding Bonds - 2008 Trunk Line Refunding and Rate Lock. Motion was made by Commissioner Atkinson and supported by Commissioner Rosendall to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan Comprehensive Transportation Refunding Bonds - 2008 Comprehensive Transportation Refunding and Rate Lock – Myron Frierson

This resolution authorizes approval to pursue bond refunding opportunities if market conditions are appropriate for any outstanding bonds, and an opportunity to enter into a rate lock. The terms would be to either sell them by December 31, 2008, or enter into a rate lock agreement by December 31, 2008. If we enter into a rate lock agreement, we have up until December 31, 2010, to actually sell the bonds. Upon approval by the Commission, this resolution will be transmitted to the Legislature for the required 30-day notification period.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan Comprehensive Transportation Refunding Bonds - 2008 Comprehensive Transportation Refunding and Rate Lock. Motion was made by Commissioner Brosnan and supported by Commissioner Scalici to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Bonds and Grant Anticipation Notes – Myron Frierson

This resolution authorizes approval to pursue bond refunding opportunities if market conditions are appropriate for any outstanding bonds, and an opportunity to enter into a rate lock related to these bonds. We were authorized to spend up to \$630 million; August 2007 we issued \$485 million of that. Sometime in the next year to year-and-a-half we will issue the remaining amount of that authorization. The terms would be to either sell them by September 30, 2008, or enter into a rate lock agreement by September 30, 2008. If we enter into a rate lock agreement, we have up until September 30, 2010, to actually sell the bonds. Upon approval by the Commission, this resolution will be transmitted to the Legislature for the required 30-day notification period.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Bonds and Grant Anticipation Notes. Motion was made by Commissioner Jung and supported by Commissioner Brosnan to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

IV. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson presented information on 48 agreements. Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Atkinson and supported by Commissioner Rosendall to approve Exhibit A. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Myron Frierson

Mr. Frierson gave a brief recap of the January 11, 2008: As of September 17, 2007, it was estimated that 341 State projects with construction costs totaling \$696.9 million would be let during the 2008 fiscal year. Through January of 2008, 132 State projects with engineer's estimates of \$228.4 million were let, representing 32.8% of the total amount projected to be let this fiscal year. In comparison, for January 2007, 155 State projects with total engineers' estimates of \$430.1 million were let, representing 47.5% of the fiscal year 2007 projection. The department's letting schedule has proceeded as planned. Leading up to and including the January letting, 95.6% of the construction cost estimate of projects scheduled for this period has been let. In comparison for this same period through January 2007, 97.1% of the construction cost estimate of projects scheduled for the year was let. In February we will have a letting of 67 projects with a total value of \$105 million.

Exhibit A-1 represents 41 projects (31 State projects) with engineer's estimates totaling \$74.0 million scheduled to be let on February 1, 2008.

Pending any questions, Mr. Frierson asked for approval of Exhibit A-1; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Scalici and supported by Commissioner Rosendall to approve the February bid letting. Motion carried on a unanimous voice vote.

**Chair Wahby directed Mr. Frierson to finish all of his agenda items then we would continue with Mr. Polasek and Exhibit A-2.**

Information Items (Exhibit A-3) – Myron Frierson

Mr. Frierson stated that these items represent information to the Commission. Items 1 and 2 are situations where the low bid, as read "low bid", withdrew from the project. Item 3 is an example of a single bidder. These are informational items and no action is necessary.

Mr. Frierson asked for questions.

Commissioner Brosnan asked what the Highways for Life pilot project is.

Mr. Frierson stated that that is under Exhibit A-4 and would talk about it during that presentation.

No other questions were forthcoming.

Bid Letting Not Pre-Approved (Exhibit A-4) – Myron Frierson

Mr. Frierson provided information for approval of 1 State project that is a demonstration project in partnership with the FHWA which allowed us to incorporate certain performance factors into the bidding process. In addition to the normal bid items, this project had some technical and enhancement criteria that were evaluated by the department and then the bid prices were adjusted to determine what would be the best value to the department; i.e. criteria related to opening the project to traffic date, construction clean-up and completion, pavement performance goals and safety plans, etc. Points were assigned and that was evaluated with the low bid, then a low bidder was determined. The actual amount paid to the contractor will be the contractor's bid. Pending any questions, Mr. Frierson asked for approval of Exhibit A-4.

Commissioner Rosendall asked if it was stated that the actual amount paid to the contractor would be their bid amount or the best value amount.

Mr. Frierson answered that it would be the bid amount. What we did was use a formula to adjust the bid where we take the low bid and a prime to equalize the additional values we were getting from those items about earlier completion, warranties, etc. If the contracting community would accept only the best value amount, we would be happy to

pay that but the terms of the agreement say that we pay the low bid.

Commissioner Rosendall asked if it is possible for somebody to be second low but yet have the best value, and that's when we're going to pay more—because of the best value.

Mr. Frierson answered yes. For example, we had a requirement that this project be open to traffic by August 2<sup>nd</sup>. If a contractor proposed that they could open to traffic by July 2<sup>nd</sup>, there is an additional value. Mr. Frierson offered that the criterion that is in the RFP could be provided.

Commissioner Rosendall stated that he is curious to see how it all works out.

Director Steudle interjected that this is consistent with our A+B letting where we do a low bid amount and then we do the FDA portions, B portions and the amount of time it takes. So there have been instances in the A+B portion, where we pay more to the second or third bidder if they say they can get it done a whole lot faster. We take the charge per day of the work going on, and when we multiply them together you end up with what's the best value for the department.

Commissioner Rosendall stated that he agreed with that and asked if we had a formula to the value of each day on a project at a specific site.

Director Steudle answered that it is generally figured by the user delay—what's the cost of the back-up and congestion—so it's going to vary across the state. M-115 is north of Clare so the back-ups are pretty significant on Friday's and Sunday's, but Tuesday and Wednesday it's probably not that significant. Take a similar project and move it to metro Detroit and put it on one of their freeways, the back-up is going to be much less on the weekend, but significant during the week.

Motion was made by Commissioner Brosnan and supported by Commissioner Jung to accept Exhibit A-4. The motion carried on a unanimous voice vote.

#### Letting Exceptions Agenda (Exhibit A-2) – John Polasek

Mr. Polasek stated, for Commissioner Brosnan's understanding, that the Highways for Life pilot project is a federal program—long lasting, innovative, fast construction and efficient.

Commissioner Brosnan stated that she understood.

Mr. Polasek provided information on 1 State project that was 12% over the engineers' estimates which is accompanied by a justification memo. Pending any questions, Mr. Polasek asked for approval of Exhibit A-2.

No questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Atkinson and supported by Commissioner Brosnan to approve Exhibit A-2. Motion carried on a unanimous voice vote.



**Commissioner Scalici was excused from the remainder of the meeting.**

Contract Adjustments (Exhibit B) – John Friend and Greg Johnson

Mr. Friend, in its original form, provided information for 11 MDOT and 11 Local projects. He asked that MDOT Extra Item #2008-024 (2.61 miles of freeway reconstruction and widening...in the cities of Kalamazoo and Portage, Kalamazoo County) be withdrawn in order to strengthen the information before asking for approval, and; MDOT Extra Item #2008-028 (0.54 miles of hot mix asphalt and waterproofing membrane removal...in the City of Port Huron, St. Clair County) be withdrawn because this project has not yet been reviewed by all of MDOTs partners in the review process.

Of the remaining 9 MDOT projects, Greg Johnson was asked to give further information pertaining to MDOT Extra Item #2008-027 (\$3.4 million) (8.5 miles of new bituminous freeway...in the village of Romeo, Washington and Bruce Townships, Macomb County).

Mr. Johnson stated that there was a project actually was bid in 2002 called the Romeo By-pass (M-53 in Macomb County), where the successful low bidder was Ric-Man Construction, Inc. As this project went along, we ran into a conflict between design intent and the actual administration of some work items in the field. This caused a delay and the contractor had to accelerate to get back on time. This project was a 2-year project that involved a number of issues; we were going through a swamp and wet area, but the main concern was the allowable use of sand on the project. As this project went along we sought to resolve it and mitigate it but we were unsuccessful. As we went through the original steps of our claim process we ended up, with the advice and consent of the Attorney General's office sitting in the negotiations to resolve it. The original claim was for over \$5 million, but as we negotiated we got it down to \$3.2 million which is a reflection of culpability on the part of MDOT and our decision making process as well as some culpability on the contractor's part as far as his work methods.

Mr. Johnson asked for questions.

Commissioner Rosendall asked, in the early design phase, if we knew we were going through a swamp, wasn't there borings done—what was done ahead of time that potentially mitigated this.

Mr. Johnson answered that there were extensive soil borings done, however as you go through swamp areas point locations sometimes do not reflect the undulations of top soil layered through the area. One of the problems was when the excess top soil was excavated it created a profile that was lower than the adjacent ground so the contractor had trouble draining the sub-grade. The use of sand, even though it was eventually allowed, we still would have had issues as far as the depth of the excavation. It is not sure whether further design efforts would have helped much because of the variability of that top soil.

Commissioner Rosendall asked, in Mr. Johnson's' opinion, if the engineer on this project had done all he could do.

Mr. Johnson responded that one of the issues is that we had one engineer who was on the project through the design and pre-construction phase—he took another position, and a new engineer administrated the project through the construction phase. The design intent carried through by the second engineer was to use the sand in spot locations but as it turned out that was probably not a correct decision. There have been long conversations over those decisions and thorough discussions within the region.

Commissioner Rosendall asked if URS (URS Corporation Great Lakes) has participated in any of the discussions regarding compensation.

Mr. Johnson stated that MDOT has not approached URS for participation in this cost. URS did follow what the design intent was (the spot usage of sand and not a full scale usage of sand throughout the project).

Pending any further questions, Mr. Friend asked for approval of Exhibit B; no further comments were forthcoming.

Commissioner Rosendall commented that in reading through the write-ups, we constantly talk about the responsibilities of engineers on MDOT projects, but he feels we need to look at this a lot closer. There is definitely responsibility in a lot of these overages from the consulting engineering group.

No further comments were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Jung and supported by Commissioner Rosendall to approve Exhibit B. Motion carried on a unanimous voice vote.

Chair Wahby announced that the Commission needs to go into a closed meeting for the purpose of discussing pending litigation. A roll call vote is required.

Chair Wahby entertained a motion. Motion was made by Commissioner Rosendall and supported by Commissioner Brosnan to go into a closed meeting. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

## V. **PUBLIC COMMENTS**

Chair Wahby asked if any member of the audience wanted to address the Commission.

Glenn Bukoski, Vice President of Engineering Services, MITA, shared some comments and concerns from the perspective of the industry (not those of any individual bidder on the project) as they relate to the departments recent action to reject all bids on Item #24 (Slagter Construction) of the December 7<sup>th</sup> bid letting, a City of Grand Rapids bridge rehabilitation project. As an industry we (MITA) have concern about how Item #24 will be re-advertised and re-bid in a way that will insure an open and competitive bid process. The nature of the bridge rehabilitation work included in this project is not of the type that can be simply modified or the limits extended to substantially or significantly change the

project in preparation for re-bidding. In our mind and from our perspective, changing a couple of work item plan quantities that were incorrectly calculated the first time will result in essentially the same project, with the same work, being re-advertised and re-bid a second time.

Brian Slagter, President, Slagter Construction, expressed his dissatisfaction with the departments' decision to reject all bids regarding Item #24.

James Urban, attorney with Butzel Long Law Firm (general counsel for MITA not representing any bidder on Item #24, only MITA's and the industry's interest), also expressed his dissatisfaction with the departments' decision to reject all bids regarding Item #24.

Patrick Isom, Attorney General's Office, Transportation Division, responded to the previous comments by stating that the Commission has been provided with the details of what occurred and that the department stands by its decision to reject all bids regarding Item #24.

Commissioner Rosendall asked Mr. Isom to provide him with something in writing that indicates how this compares to a penny bid, and an opinion on whether or not we can make an engineer responsible for errors they made on drawings and plans.

Mr. Isom indicated that he would provide that.

Chair Wahby stated that he understood that Mr. Slagter has been invited to meet with the department on Tuesday, February 5<sup>th</sup> to discuss overall bid processes and what can be done to strengthen the processes.

Director Steudle confirmed this.

No other questions or comments regarding this issue were forthcoming.

Rev. Linda McDonald, representing Gamaliel of Michigan/ISAAC in Kalamazoo, expressed the organizations' interest regarding jobs through the Road Construction Apprenticeship Readiness (RCAR) program, and the hope that the SPC will be able to hold their follow-up meeting on February 14<sup>th</sup>.

Mayor Joyce Seals, City of Saginaw, representing the Ezekiel Project, expressed the organizations' interest regarding jobs through the RCAR program.

Amy Deal, representing Safe Place and Jonah in Battle Creek, expressed the organizations' interest regarding jobs through the RCAR program.

Chad Miller, representing Carpenters Local Union 525 in Kalamazoo, expressed the unions' interest regarding jobs through the RCAR program.

Mayor Bobby Hopewell, City of Kalamazoo, expressed the city's interest regarding jobs through the RCAR program.

Monte Bordner, St. Joseph County Commissioner and member of the Economic Development Corporation, expressed his concerns regarding US-131 from I-80/90 to Kalamazoo

J. Louis Felton, Pastor of Galilee Baptist Church in Kalamazoo, and representing the Northside Ministerial Alliance, expressed the organizations' interest regarding jobs through the RCAR program, and invited the Commission to hold one of its out of town meetings at their church.

Jackie Shinn, Chief Deputy Director of MDOT, responded to the above comments by stating that the department appreciates and is mindful of all the interest expressed in the RCAR program. The Implementation Plan was shared with all of the faith-based groups and given an opportunity to comment before it was sent over to the Governor's office as a first report from the SPC. If anyone needs a copy we can provide it. RCAR has been the focus so that we could get ready for this construction season and try to graduate those 80 people. A draft letter was approved just yesterday and will be sent out asking the SPC to come together again on February 14<sup>th</sup> for a follow-up meeting. It is our intent to always be open and transparent on the development of any aspect of this program. We did have better contractor participation as we were developing this last year in the winter months. While the contracting community has been with us, they have not been participating as much in some of our more detailed workshops. We will again encourage them to do so. We intend, as soon as the program is approved, to include in their bidding packets information about this program.

Chair Wahby asked that the Commission be updated on the progress as they go along.

Ms. Shinn stated that she would do so.

No other audience comments were forthcoming.

Chair Wahby asked if any Commissioner wanted to address the Commission.

Commissioner Atkinson thanked the contingency for expressing their concerns. It is very helpful to know what they are doing and what they bring to this effort.

Commissioner Jung stated that in addition to construction jobs, there are a lot of jobs that are spun off as a result of construction including diesel technician positions. His company, Michigan CAT, is hiring and for those that might be motivated, they offer scholarship and apprenticeship programs. Michigan CAT would look forward to interviewing appropriate candidates.

No other comments were forthcoming.

**ADJOURNMENT**

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 11:37 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on February 28, 2008, in the 1<sup>st</sup> floor Bureau of Aeronautics Auditorium in Lansing, Michigan, beginning at the hour of 9:00 a.m.

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Frank E. Kelley  
Commission Advisor